

SECOND REGULAR SESSION
[P E R F E C T E D]
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 915
93RD GENERAL ASSEMBLY

Reported from the Committee on Commerce, Energy and the Environment, February 16, 2006, with recommendation that the Senate Committee Substitute do pass.

Senate Committee Substitute for Senate Bill No. 915, adopted February 27, 2006.

Taken up for Perfection February 27, 2006. Bill declared Perfected and Ordered Printed, as amended.

TERRY L. SPIELER, Secretary.

4541S.04P

AN ACT

To amend chapters 135 and 393, RSMo, by adding thereto six new sections relating to the green power initiative, with an effective date.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapters 135 and 393, RSMo, are amended by adding thereto
2 six new sections, to be known as sections 135.563, 393.1020, 393.1025, 393.1030,
3 393.1035, and 393.1040, to read as follows:

135.563. 1. This section shall be known and may be cited as the
2 **"Residential Alternative Energy Tax Credit Program".**

3 **2. As used in this section, the following terms mean:**

4 **(1) "Department", the department of revenue;**

5 **(2) "Director", the director of the department of revenue;**

6 **(3) "Eligible costs", expenses incurred by a taxpayer for the**
7 **purchase and installation of solar electric panels, energy-efficient**
8 **appliances and energy-efficient heating and cooling systems denoted by**
9 **the Energy Star label, and energy-efficient windows at such taxpayer's**
10 **primary residence that are not covered by an existing federal, state, or**
11 **local program;**

12 **(4) "Tax liability", the tax due under chapter 143, RSMo, other**
13 **than taxes withheld under sections 143.191 to 143.265, RSMo; and**

14 **(5) "Taxpayer", any noncorporate taxpayer.**

15 **3. If any taxpayer with a federal adjusted gross income of thirty**

16 thousand dollars or less incurs eligible costs for the installation of solar
17 electric panels, energy-efficient appliances and energy-efficient heating
18 and cooling systems denoted by the Energy Star label, developed by the
19 United States Environmental Protection Agency, and energy-efficient
20 windows, such taxpayer shall receive a tax credit against such
21 taxpayer's Missouri income tax liability in an amount equal to the
22 lesser of one hundred percent of such costs or one thousand
23 dollars. Tax credits issued under this subsection are not refundable.

24 4. In no event shall the aggregate amount of all tax credits
25 allowed under this section exceed fifty thousand dollars per fiscal
26 year. The tax credits issued under this section will be on a first-come,
27 first-served filing basis.

28 5. A taxpayer shall claim a credit allowed by this section in the
29 same taxable year as the eligible costs are incurred and at the time
30 such taxpayer files his or her Missouri income tax return, provided that
31 such return is filed in a timely manner.

32 6. The department may promulgate such rules or regulations as
33 are necessary to administer the provisions of this section. Any rule or
34 portion of a rule, as that term is defined in section 536.010, RSMo, that
35 is created under the authority delegated in this section shall become
36 effective only if it complies with and is subject to all of the provisions
37 of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This
38 section and chapter 536, RSMo, are nonseverable and if any of the
39 powers vested with the general assembly pursuant to chapter 536,
40 RSMo, to review, to delay the effective date, or to disapprove and annul
41 a rule are subsequently held unconstitutional, then the grant of
42 rulemaking authority and any rule proposed or adopted after August
43 28, 2006, shall be invalid and void.

44 7. The provisions of this section shall apply to all tax years
45 beginning on or after January 1, 2007.

46 8. The provisions of this section shall not apply to section 23.253,
47 RSMo, of the Missouri sunshine act.

393.1020. 1. It is the general assembly's intent to encourage the
2 development and utilization of technically feasible and economical
3 renewable technologies, creating cleaner and more sustainable forms
4 of energy for the residents of the state. It is for this reason that
5 sections 393.1020 to 393.1040 shall be known as the "Green Power

6 Initiative".

7 2. The definitions provided in section 386.020, RSMo, shall apply
8 to sections 393.1020 to 393.1040. As used in sections 393.1020 to
9 393.1040, the following terms mean:

10 (1) "Department", the department of natural resources;

11 (2) "Eligible renewable energy technology", sources of energy
12 that shall be considered renewable for purposes of this section shall
13 include but not be limited to the following:

14 (a) Solar, including photovoltaic cells, concentrating solar power
15 technologies, and low temperature solar collectors;

16 (b) Wind;

17 (c) Hydroelectric, not including pump-storage;

18 (d) Hydrogen from renewable sources;

19 (e) Biomass, any plant-derived organic matter available on a
20 renewable basis, including dedicated energy crops and trees,
21 agricultural food and feed crops, agricultural crop wastes and residues,
22 wood wastes and residues, aquatic plants, biogas from landfills or
23 wastewater treatment plants; and

24 (f) Other renewable energy sources defined by rule by the
25 commission after consultation with the department;

26 (3) "Energy efficiency", verifiable reductions in energy
27 consumption, or verifiable reductions in the rate of energy
28 consumption growth, as defined by rule by the commission after
29 consultation with the department, as a result of measures implemented
30 by electrical corporations and electricity consumers which may
31 include, but not be limited to, pricing signals, electronic controls,
32 education, information, infrastructure improvements, and the use of
33 high efficiency equipment and lighting;

34 (4) "Total retail electric sales", the kilowatt-hours of electricity
35 delivered in a year by an electrical corporation to its Missouri retail
36 customers.

393.1025. 1. Each electrical corporation shall make a good faith
2 effort to generate or procure sufficient electricity generated by an
3 eligible renewable energy technology, and support energy efficiency
4 measures, so that by 2012, three percent of total retail electric sales in
5 the aggregate by electrical corporations is generated by eligible
6 renewable energy technologies, increasing to seven percent by 2015,

7 and ten percent generated by eligible renewable energy technologies
8 by 2020. Generation provided by any existing eligible renewable energy
9 technology, owned, controlled, or purchased by electrical corporations,
10 that are operational prior to August 28, 2006, shall be applied towards
11 meeting the objective so long as it continues to generate
12 electricity. Credit towards the objective also may be achieved through
13 energy efficiency that includes electrical corporation and consumer
14 efforts to reduce the consumption of electric energy. After consulting
15 with the department, the commission may establish intermediate goals
16 for the use of renewable energy technologies as part of its rulemaking
17 process.

18 2. By July 1, 2007, the commission shall, after consultation with
19 the department, adopt rules that integrate into its resource planning
20 rules the renewable energy objective of subsection 1 of this section and
21 the criteria and standards by which it will measure an electrical
22 corporation's efforts to meet that objective to determine whether it is
23 making the required good faith effort. In this rulemaking, the
24 commission shall include criteria and standards that, at a minimum,
25 shall:

26 (1) Protect against adverse economic impacts, including the costs
27 of any transmission investments necessary to access eligible renewable
28 energy technologies, on the ratepayers and shareholders;

29 (2) Protect against undesirable impacts on the reliability of each
30 electrical corporation's system;

31 (3) Consider environmental compliance costs, present and future,
32 of each source being evaluated; and

33 (4) Consider technical feasibility, providing for flexibility in
34 meeting the objective in the event electrical corporations are, for good
35 cause shown, unable to meet in aggregate the objective of this section.

36 3. In its rulemaking under this section, the commission shall
37 provide for a weighted scale of how energy produced by various
38 eligible renewable energy technologies shall count toward an electrical
39 corporation's objective. In establishing this scale, the commission shall
40 consider the attributes of various technologies and fuels and shall
41 establish a system that grants multiple credits toward the objective for
42 those technologies and fuels the commission determines are in the
43 public interest to encourage. The commission may also grant multiple

44 credits toward the objective for generation in the state or procurement
45 of electricity generated in the state that uses an eligible renewable
46 energy technology.

47 4. No electrical corporation shall make an application to the
48 commission to approve or modify rate schedules to reflect decreases in
49 residential and commercial customer usage of non-renewable energy
50 sources due to the increased usage of renewable energy sources.

51 5. The commission shall develop rules as provided in this section
52 in consultation with the department as necessary to implement the
53 requirements of section 393.1025. Any rule or portion of a rule, as that
54 term is defined in section 536.010, RSMo, that is created under the
55 authority delegated in this section shall become effective only if it
56 complies with and is subject to all of the provisions of chapter 536,
57 RSMo, and, if applicable, section 536.028, RSMo. This section and
58 chapter 536, RSMo, are nonseverable and if any of the powers vested
59 with the general assembly pursuant to chapter 536, RSMo, to review, to
60 delay the effective date, or to disapprove and annul a rule are
61 subsequently held unconstitutional, then the grant of rulemaking
62 authority and any rule proposed or adopted after August 28, 2006, shall
63 be invalid and void.

393.1030. 1. Each electric corporation shall submit to the
2 commission a biennial report by December thirty-first, beginning in
3 2008, on its plans, activities, and progress with regard to the objective
4 of section 393.1025, demonstrating to the commission that it is making
5 the required good faith effort. The report must be submitted in a
6 format prescribed by the commission not to exceed fifty pages, and it
7 shall include the following:

8 (1) Sufficient data to specify and verify the status of its
9 renewable energy mix relative to the good faith objective;

10 (2) Sufficient data to specify and verify the status of the electric
11 corporation's and its customers' energy efficiency efforts relative to
12 the good faith objective;

13 (3) Efforts taken to meet the objective;

14 (4) Any obstacles encountered or anticipated in meeting the
15 objective; and

16 (5) Potential solutions to the obstacles.

17 2. The commission shall compile the information provided under

18 subsection 1 of this section and biennially report by July first,
19 beginning in 2009, to the governor, the speaker of the house of
20 representatives, the president pro tempore of the senate, the chairs of
21 the committees in the house of representatives and senate with
22 jurisdiction over energy and environment policy issues, and the
23 department as to the progress of electrical corporations in the state in
24 increasing the amount of renewable energy provided to retail
25 customers and increasing energy efficiency, with any recommendations
26 for regulatory or legislative action. In addition, the Missouri director
27 of economic development shall issue a biennial report on July first,
28 beginning in 2009, on the impact of the renewable portfolio standard on
29 the Missouri economy and the director of the Missouri department of
30 natural resources shall issue a biennial report by July first, beginning
31 in 2009, on the environmental impact of sections 393.1020 to
32 393.1040. The biennial reporting requirements under this subsection
33 shall end after July 1, 2021.

393.1035. 1. Electricity produced by fuel combustion may only
2 count toward an electrical corporation's objectives if the generation
3 facility complies with all federal and state statutes and rules.

4 2. An electrical corporation may blend or co-fire a fuel listed in
5 subsection 1 of section 393.1020, with other fuels in the generation
6 facility, but only the percentage of electricity that is attributable to a
7 fuel listed in that section can be counted toward an electric
8 corporation's renewable energy objectives.

393.1040. In addition to the renewable energy objectives set forth
2 in sections 393.1025, 393.1030, and 393.1035, it is also the policy of this
3 state to encourage electrical corporations to develop and administer
4 energy efficiency initiatives that reduce the annual growth in energy
5 consumption and the need to build additional electric generation
6 capacity.

Section B. Section A of this act shall become effective January 1, 2007.

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